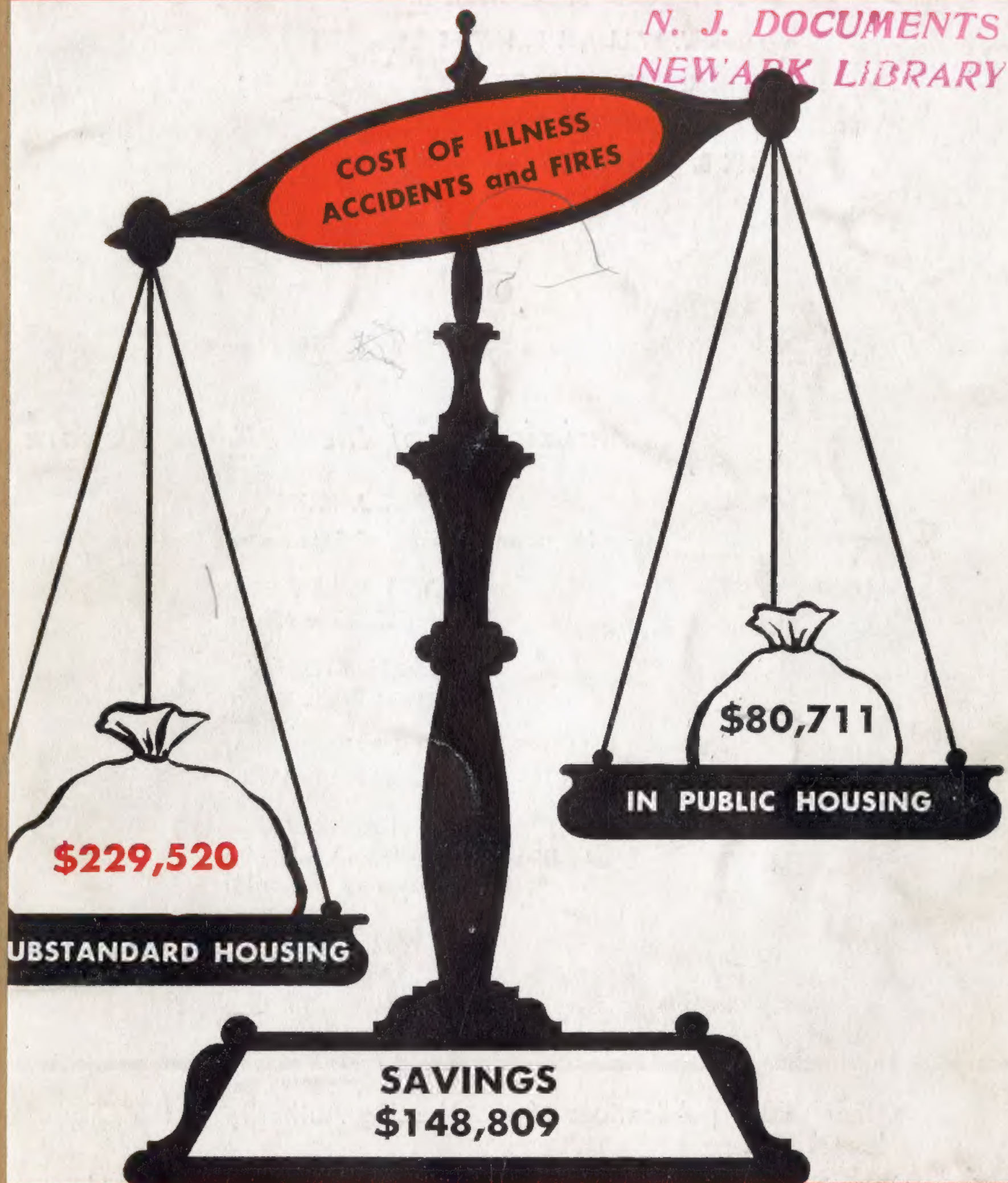


PUBLIC HOUSING PAYS DIVIDENDS

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HOUSING AUTHORITY OF THE CITY OF NEWARK
SUSSEX AVENUE **NEWARK 4, N. J.**

Members of the Housing Authority of the City of Newark

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Director of Public Works

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Director of Public Safety

RALPH A. VILLANI

Director of Parks and Public Property
(The Housing Authority)

Other recent publications of the Housing Authority of the City of Newark are:

Migrant War Workers in Newark	- - -	April, 1944
Public Housing in Newark	- - -	November, 1944
The Social Effects of Public Housing	-	November, 1944
Family Incomes and Rents of Tenants	-	January, 1945

APRIL, 1945

The Benefits of Public Housing

In a previous study of *The Social Effects of Public Housing* it was shown that the removal of families from substandard dwellings to good homes results in a reduction of illness, accidents and fires. The human pain and suffering that is thus avoided cannot be measured in terms of money, but some of the financial savings resulting from the elimination of illness, accidents and fires can be estimated. Most of these savings accrue to the municipality since the families in public housing have low incomes and the cost of such an emergency as a fatal home accident, or a case of tuberculosis, would usually fall on some community agency.

The savings resulting from the reduction in the number of cases for one year in Newark's five* low-rent housing projects are shown in the following table. For tuberculosis, as for some of the other items shown, the savings are realized over a number of years, but they result from the reduction in cases for a single year. The estimates of the cost of each case include direct costs, such as the cost of medical care, and indirect costs such as the loss of earnings.

* This does not include Hyatt Court, which was built for low-income families but is now occupied by war workers. After the war this project will be used for low-income families.

Dollar Value of Social

TUBERCULOSIS

\$5000 is the estimated total cost of an average case of tuberculosis. (Source: Essex County Tuberculosis League.)

INFANT MORTALITY

\$9000 is estimated as the capital value of a boy at birth, and \$4000 the value of a girl. (Source: "Health and Wealth", Louis I. Dublin, Metropolitan Life Insurance Co.) To take account of the higher infant mortality rate among boys \$7240 is used as the average value.

COMMUNICABLE DISEASES

\$50 is the estimated cost of a case for medical care, public health work, serious complications resulting from the illness, and absences from school.

FATAL HOME ACCIDENTS

\$4500 is the estimated cost per case, including the loss in production and earning capacity. (Source: National Safety Council.)

FIRES

\$600 is the average cost per fire run. This was determined by dividing the budget of the Fire Department by the average number of fires per year.

\$300 is the average loss resulting from residential fires in the city, and \$13 is the average loss resulting from fires in the housing projects.

* The number of cases there would have been among the rehoused families were they still living in substandard housing was determined by using the rates found among families in similar circum-

Benefits of Public Housing

Number of cases among the families in Public Housing		Total cost	Estimated number of cases had these rehoused families still been living in substandard housing*	Total cost	Savings resulting from rehousing these families
-	8	\$40,000	21	\$105,000	\$65,000
-	3	21,720	9	57,920	36,200
-	294	14,700	738	36,900	22,200
-	0	0	2	9,000	9,000
-	7	4,200	23	13,800	9,600
-	7	91	23	6,900	6,809
		\$80,711		\$229,520	\$148,809

stances who still live in substandard dwellings. These rates were obtained from the study
The Social Effects of Public Housing.

More Savings

To the savings resulting from social benefits of the public housing program may be added the value in dollars of certain facilities provided by the Housing Authority. These facilities are available to residents of the neighborhood as well as to residents of the projects.

The Housing Authority furnishes space for libraries, clinics, playgrounds, etc., which would otherwise have to be paid for by the city. The rental value of this space, including utilities and furnishings, is estimated as follows:

	Per Year
3 Libraries at \$50 per month each - - - - -	\$ 1,800
2 Child Care Centers at \$85 per month each - -	2,040
5 Clinics at \$85 per month each - - - - -	5,100
6 Playgrounds at \$45 per month each - - - - -	3,240
6 Sets of Playground equipment and supplies at \$75 per month each - - - - -	5,400
DOLLAR VALUE OF FACILITIES - - - - -	\$ 17,580
DOLLAR VALUE OF SOCIAL BENEFITS -	148,809
TOTAL - - - - -	\$166,389

Add These Too

These savings of \$166,389 by no means cover all the savings to the community brought about by public housing. It does not take into account the reduction in the cost of such services as street lighting, cleaning, and maintenance, garbage and ash collection, police patrolling, relief rent allowances, etc. Nor does it include the cost of other diseases whose incidence is affected by housing, such as rheumatic conditions, pneumonia, typhoid fever, maternal mortality, influenza, digestive diseases, etc.

Besides the reduction in services, and in illness, accidents and fires, good housing brings about other benefits which we cannot even attempt to measure in dollars. A study of the records of school children living in the projects showed that after they were rehoused they improved in academic work, personality development, and health habits. Also, they were absent from school less often.

Evidence of further benefits was obtained from a number of interviews with families who had lived in the projects for at least two years. Here is a summary of what they said - -

100% of the mothers said that their children now had better play facilities

99% found it easier to keep their children clean

77% said that their families were now happier

69% reported improvement in their school children's records and appearance

68% now had more money for necessities

56% stated that their housekeeping now took less time

We also found that juvenile delinquency was lower in the housing projects studied than in the surrounding areas. Some of the projects did not have a single case of delinquency in the period investigated. While there were no delinquent girls in any of the projects, there were many in the neighboring areas.

Can We Put A Price On These?

There are other intangible benefits from public housing. We find, for instance, that families moved from slums are zealous in caring for their new homes. In these projects light, air and ventilation are no longer denied to families for they are a standard part of homes designed for healthy living. There results from this improvement in environment and living conditions, better citizenship, greater community co-operation, and a more wholesome family life.

Even though we cannot put a price on all of these benefits, they add immeasurably to the community's welfare, and it cannot be doubted that, in the long-run, they too contribute financially to the community.

The Cost Of Slums

If the benefits of public housing, or for that matter of any kind of good housing, were extended to the large number of families of low income in Newark living in slums, the savings from the social benefits would run not into thousands, but into millions of dollars.

Both on financial and social grounds slums are a liability to any community. Studies made in several cities have shown that when the amount spent on maintaining slums is compared with the amount of revenue received from such areas, the city is clearly a loser.

A number of cities in metropolitan areas throughout the country while pouring 45% of their service costs into their slums, received from them only 6% of the tax revenue from real estate. Although the slums and blighted districts comprise about one-fifth of these areas they account

for 45% of the major crimes, 55% of the juvenile delinquency, 50% of the arrests, 60% of the tuberculosis victims, 50% of the disease, and 35% of the fires.

A program of public housing to eliminate slums would therefore strike at the breeding places of disease, delinquency and crime. True, such a program would cost money, but to keep slums would cost more.

The Cost Of Tax Exemption

For Newark the cost of rehousing families living in substandard dwellings who cannot otherwise afford decent homes, takes the form of a tax exemption which is granted to public housing projects. Such tax exemption is the general rule in the case of all properties used for public purposes, such as schools and hospitals.

Unlike other public properties, housing projects offset this tax exemption by returning to the municipality a percentage of the rents collected from their tenants. This payment, known as the payment in lieu of taxes, represents a substantial portion of what the municipality would have received in taxes from the slum properties that were eliminated.

The amount of the tax exemption for the existing projects may be based on the taxes that would have been paid on the previous residences of the tenants of the projects, minus the payment in lieu of taxes. If 25% of the average monthly rental of \$18 for their former dwellings had been used for taxes, and if there had been no tax delinquencies, the taxes paid would have amounted to \$110,036. The payment in lieu of taxes, at 10% of an average monthly shelter rent of \$15, amounts to \$36,558. The net value of the tax exemption would be \$73,478.

Another way of determining the amount of the tax exemption is to base it on the taxes that were formerly levied on the land and buildings on the sites of the five low-rent projects. Disregarding the large tax delinquencies on these sites the city would have collected \$61,525. The Authority's payment in lieu of taxes of \$36,558 would cause the net value of the tax exemption to be \$24,967.

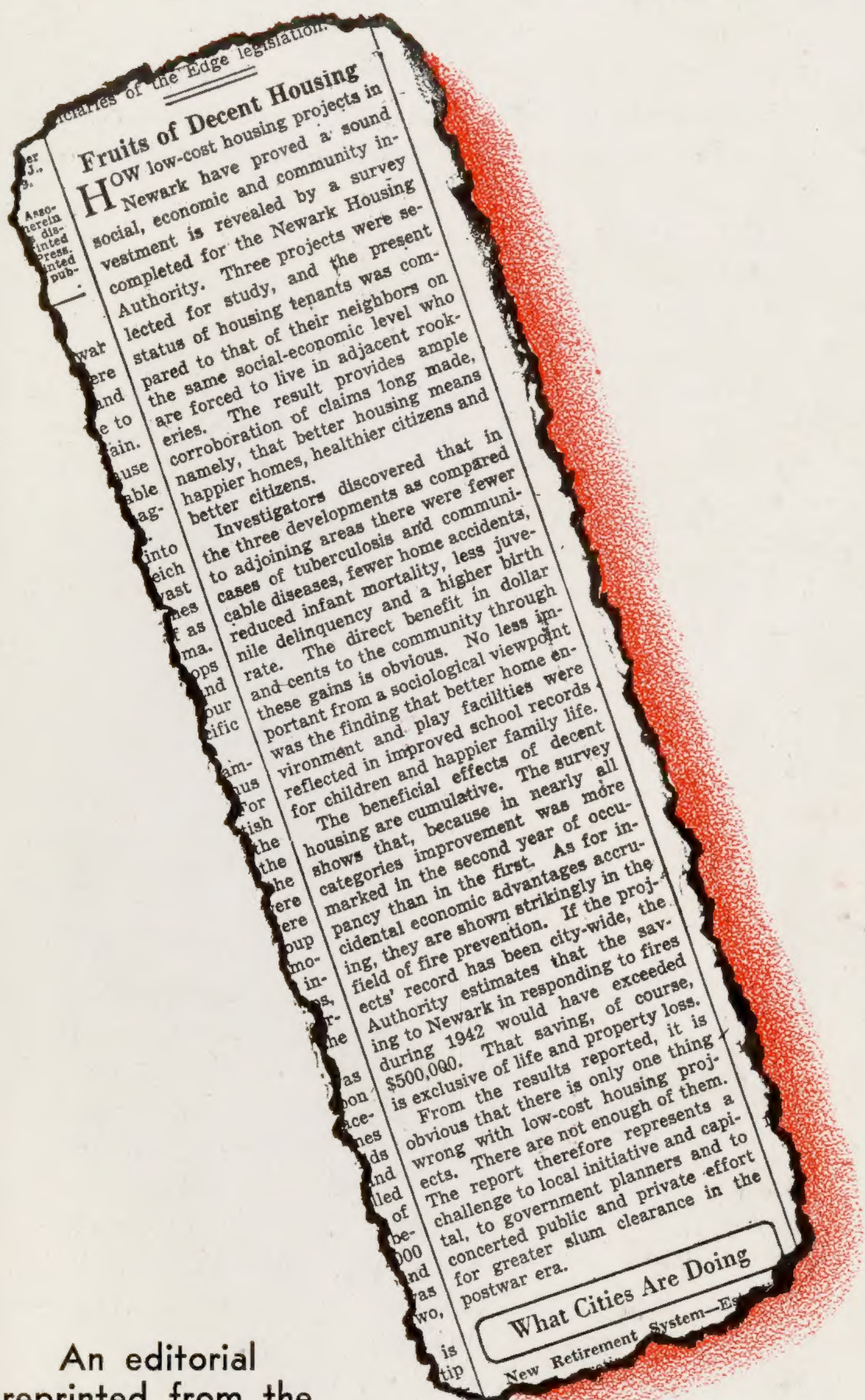
If this tax loss of \$24,967 were distributed among the people of Newark it would cost each person $5\frac{1}{2}\text{¢}$ per year, and each family $21\frac{1}{2}\text{¢}$ per year.

It is interesting to compare the savings of \$166,389 resulting from the social benefits of the five low-rent housing projects, with the value of the tax exemption. Cities faced with the problem of spreading slums will find it profitable to eradicate them, both on human and financial grounds.

Good Housing is a Good Investment

The greatest asset of any community is a healthy people. Even if money were lost in the attempt to achieve this, it would still be a good investment. It has been learned that money spent on health, education and welfare is a necessary and justifiable expenditure that eventually saves the community more than it costs. Good housing is directly related to health and welfare and it is unquestionably as sound a practice to promote good housing as it is to promote these other programs. We have shown, however, that instead of losing money, a community gains by providing its citizens with good homes.

In Place of a Summary



An editorial
reprinted from the
Newark Evening News
April 2, 1945

What Cities Are Doing

New Retirement System—Es

**SHALL
THE PEOPLE OF NEWARK
LIVE IN SLUMS**

?

**OF NEWARK'S
116,757 DWELLING**



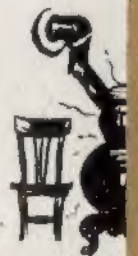
1 out of **5** need major repairs

1 out of **5** have no private bath



1 out of **5** are overcrowded

2 out of **5** have no central heat



2 out of **5** rent for less than \$25 per month

1 out of **12** have no private flush toilet



3 out of **100** have no ice box or refrigerator

1 out of **200** have no running water

